

PROVINCE OF SASKATCHEWAN



**07-08**

**MINISTRY OF  
ADVANCED EDUCATION,  
EMPLOYMENT AND LABOUR**

Student Aid Fund



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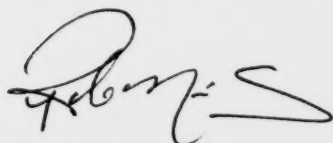
## Letter of Transmittal

His Honour The Honourable Dr. Gordon L. Barnhart  
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Annual Report of the Saskatchewan Student Aid Fund for the year ending March 31, 2008. The financial statements included in the report were prepared by the Ministry of Advanced Education, Employment and Labour and audited by the Provincial Auditor of Saskatchewan.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Rob Norris', with a stylized flourish at the end.

Rob Norris  
Minister of Advanced Education, Employment and Labour

## Letter of Transmittal

The Honourable Rob Norris  
Minister of Advanced Education, Employment and Labour

I have the honour of presenting the Annual Report of the Saskatchewan Student Aid Fund for the fiscal year ending March 31, 2008.

During the year under review, the programs provided through the Fund have maintained a high degree of accessibility to post-secondary education and provided services to meet the needs of individuals and communities in Saskatchewan.

For the 2007-08 fiscal year, over 12,400 applications were approved, and almost \$108 million in student financial assistance was authorized.

I believe that the existing internal controls provide reasonable assurance that the Saskatchewan Student Aid Fund assets are safeguarded and that the financial records are reliable for preparing information and maintaining accountability for assets.

Respectfully submitted,



Wynne Young  
Deputy Minister of Advanced Education, Employment and Labour

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## Highlights of the Saskatchewan Student Aid Fund in 2007-2008

- There were over 12,400 full-time Canada-Saskatchewan Integrated Student Loans authorized by the Student Financial Assistance Branch.
- The amount of authorized assistance totalled over \$65 million in Canada Student Loans and over \$42 million in Saskatchewan Student Loans.
- Over \$31 million in debt reduction benefits were authorized to students.
- Over \$1.0 million in benefits were provided through debt management tools for students having difficulty repaying their loans.
- Over \$1.3 million was provided in Canada and/or Saskatchewan Study Grants for the Accommodation of Students with Permanent Disabilities, High Need Part-time Students, Part-time Students with Dependents, and Females Pursuing Doctoral Studies.
- Over \$2.0 million was provided in Canada Access Grants.
- Over \$2.3 million was paid through the Fund in other awards such as scholarships and bursaries.
- Total loans receivable were over \$84 million.
- Over \$142,000 was authorized to 67 students in Part-time Canada Student Loans.
- Administered the Canada-Saskatchewan Integration Agreement for the Harmonization and Administration of Federal and Provincial Student Loans Programs through the Joint Management Committee and various working groups.

Highlighted below is a summary of awards provided through the Saskatchewan Student Financial Assistance Program to assist students in the pursuit of post-secondary education.

**Table 1: Summary of Awards and Benefits  
Saskatchewan Student Assistance Program: 2007-08**

	<b>Number of Awards</b>	<b>Number of Students</b>	<b>Total Amount</b>
<b>Full-time Loans</b>			
Canada Student Loans Authorized	12,426	11,337	\$65,072,007
Saskatchewan Student Loans Authorized	12,458	11,369	\$42,885,144
<b>Debt Reduction Benefits</b>			
Saskatchewan Student Bursary	7,889	7,046	\$16,203,764
Canada Study Grant for Students with Dependents	2,479	1,999	\$3,007,714
Saskatchewan Study Grant for Students with Dependents	1,397	1,213	\$1,730,559
Remission	1	1	\$2,280
Canada Millennium Scholarship Foundation Bursary	2,941	2,941	\$9,340,500
Millennium Aboriginal Access Bursary	335	335	\$1,172,500
<b>Debt Management Tools</b>			
Interest Relief	n/a	3,459	\$993,686
Debt Reduction in Repayment	28	28	\$43,478
Permanent Disability Benefit	16	16	\$50,439
<b>Part-time Loans</b>			
Canada Student Loans Authorized	70	67	\$142,170
<b>Canada/Saskatchewan Study Grants</b>			
Accommodation of Students with Permanent Disabilities	316	270	\$1,288,212
High Need Part-time Students	33	31	\$54,491
Part-time Students with Dependents	2	2	\$2,125
Females Pursuing Doctoral Studies	11	11	\$54,688
<b>Canada Access Grants</b>			
Access Grant for Students with Permanent Disabilities	608	583	\$1,177,104
Access Grant for Students from Low-Income Families	394	394	\$893,133
<b>Other Awards:</b>			
Centennial Merit Scholarship	(Determined by institution)		\$1,992,975
French Language - Federal/Provincial Awards	309	258	\$297,950
Queen Elizabeth II Scholarship in Parliamentary Studies*	0	0	\$0
Queen Elizabeth II Centennial Aboriginal Scholarship	1	1	\$20,000
D.R. Simmons Memorial Scholarships*	0	0	\$0
James Dickson Scholarship*	0	0	\$0
Doreen Kronick Matching Scholarship*	0	0	\$0

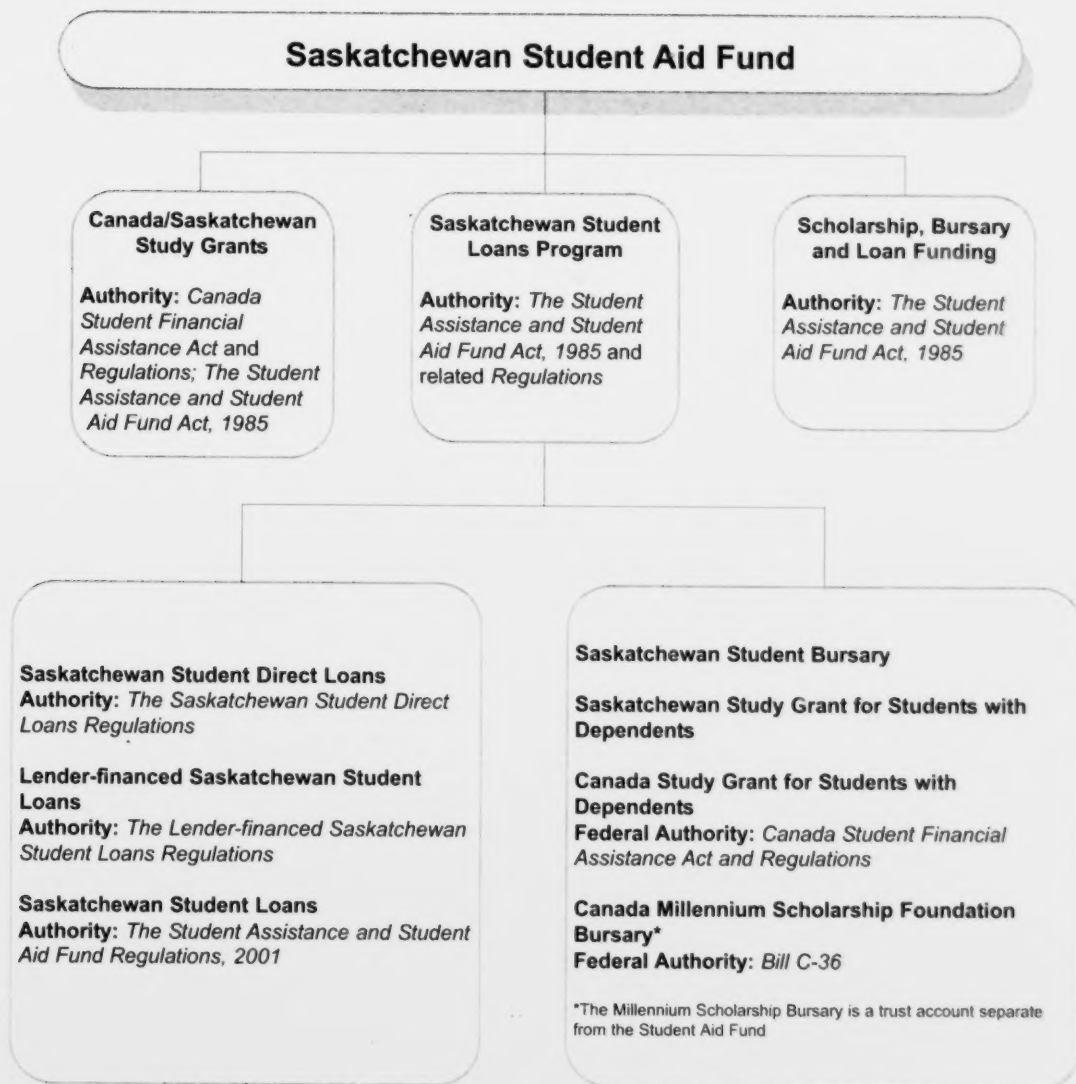
\*No qualified students applied for this scholarship.



# The Saskatchewan Student Aid Fund

The Saskatchewan Student Aid Fund was created in 1949 by the Government of Saskatchewan to ensure that students would not be denied access to post-secondary education or training due to lack of financial resources. Since then, the Fund has assisted many thousands of individuals to attain their education and career goals.

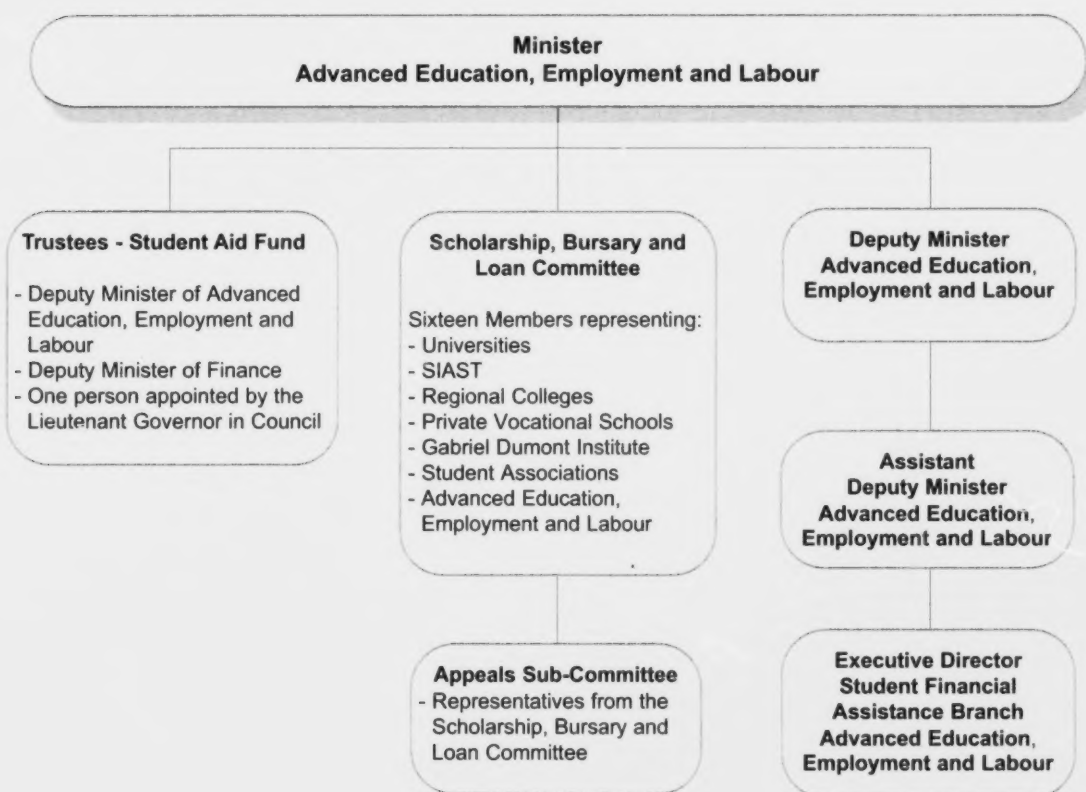
The following chart provides an overview of the programs administered through the Fund.



## **Organization and Administration**

Authority for administration of the Saskatchewan Student Aid Fund is provided by *The Student Assistance and Student Aid Fund Act, 1985* and related *Regulations*. This legislation calls for:

- Three trustees to administer the Fund;
- The Scholarship, Bursary and Loan Committee to make recommendations to the Minister; and,
- The Ministry over which the Minister presides to operate the Fund.



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## **Trustees**

The Trustees for the Saskatchewan Student Aid Fund were established in 1949 under *The Student Aid Fund Act*.

In 2007-08, the Trustees of the Student Aid Fund were:

- Wynne Young (November 26, 2007 - March 31, 2008)/Bonnie Durnford (April 1- November 25, 2007), Deputy Minister, Advanced Education, Employment and Labour;
- Doug Matthies, Deputy Minister, Saskatchewan Finance; and
- Rob Cunningham (April 1, 2007 - January 24, 2008), Assistant Deputy Minister, Advanced Education, Employment and Labour.

The Trustees held two meetings: April 11, 2007 and July 3, 2007.

### **On April 11, 2007, the Trustees:**

- Reviewed and approved the Student Aid Fund operating budget for 2007-08.

### **On July 3, 2007, the Trustees:**

- Received an update regarding the following ongoing initiatives:
  - On-line application for the Canada-Saskatchewan Integrated Student Loans program;
  - Post-Secondary Education Accessibility and Affordability Review;
  - Canada-Saskatchewan Integrated Student Loans service provider transition.
- Reviewed the 2006-07 Financial Results;
- Reviewed the summary of financial statement accruals and accrual assumptions.

## **Scholarship, Bursary and Loan Committee**

In 2007-08, the Committee held one meeting in June, 2007 at which they:

- Reviewed and approved the 2007-08 Canada-Saskatchewan Integrated Student Loans Program Administrative Guidelines;
- Received an overview of the Post-Secondary Education Accessibility and Affordability Review;
- Received an overview and demonstration of the new web application;
- Discussed the Appeals Sub-Committee process and the main issues that involve appeals;
- Reviewed loan assessment statistics; and
- Received an update on the National Designation Policy Framework and Saskatchewan's Designation Policy.

## **Appeals Sub-Committee**

The Appeals Sub-Committee consists of five members of the Scholarship, Bursary and Loan Committee. The Sub-Committee reviews cases where students applying for financial assistance may have extenuating circumstances that could affect their assessments.

## **Canada-Saskatchewan Integration Agreement for the Harmonization and Administration of Federal and Provincial Student Loans Programs**

The Saskatchewan Student Loans Program has evolved over the years with the goal of continuing to improve financial accessibility for Saskatchewan students. Throughout this process, many changes have been

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implemented to aid in assessment, approval, and repayment of student loans.

All full-time Saskatchewan student loans issued as of August 1, 2001 are Canada-Saskatchewan Integrated Student Loans. Integrated loans in Saskatchewan are fully funded by the federal government and the Saskatchewan government under a "one student, one loan" concept. This means that a student receives one loan document that includes both federal and provincial assistance.

The main goal of the Canada-Saskatchewan Integration Agreement for the Harmonization and Administration of Federal and Provincial Student Loans Programs is to simplify the student loan process for students.

### **Minister and the Ministry**

Authority for the Minister to make awards under the Saskatchewan Student Loans Program is provided by *The Student Assistance and Student Aid Fund Act, 1985* and related *Regulations*.

The Saskatchewan Student Financial Assistance Branch administers federal and provincial loans, scholarships and award programs. The Branch administers the programs on behalf of the Minister.

The Ministry fosters development of an educated, skilled and productive workforce that meets the labour demands of a growing and innovative economy. It promotes a fair and balanced labour environment that respects the rights and responsibilities of workers and employers and ensures healthy, safe, productive workplaces. The Ministry works in partnership with the private sector, community organizations and educational institutions to retain educated and skilled workers to develop a skilled workforce and to

attract educated and skilled workers from outside the Province.

The Student Financial Assistance Branch supports the mandate of the Ministry through the delivery of student loans and related services.

### **Accomplishments Based on 2007-2008 Action Plan**

The Student Financial Assistance Branch has achieved a number of accomplishments during this reporting year that demonstrate its commitment to high quality programs and services.

Key actions that were accomplished based on the 2007-2008 action plan were as follows:

- Reduced expected parental contributions for dependent students.
- Worked with the federal government and other integrated provinces to implement the new service provider contract. One of the key aspects of the new arrangement is that the National Student Loans Service Centre began operating as a single entity, offering a single point of contact for all borrowers.
- Worked with other jurisdictions on options to simplify the student loans needs assessment criteria.

Other Branch accomplishments include:

- Over 12,400 applications for student loans were approved, and almost \$108 million in student financial assistance was authorized.
- Entered into discussions with the federal government to re-negotiate The Canada-Saskatchewan Integration Agreement for the Harmonization and Administration of Federal and Provincial Student Loans Programs.

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## Saskatchewan Student Financial Assistance Programs

### Full-time Student Loans

Financial assistance for full-time post-secondary students is provided through the Canada-Saskatchewan Integrated Student Loans Program. There are a number of provisions to accommodate students with permanent disabilities.

The Student Financial Assistance Branch assesses all applications to determine financial need. The applicant's financial need for assistance is calculated by subtracting the contributions expected from the student and the student's family from the educational and living costs allowed under the program.

In Saskatchewan, assistance is authorized to a student initially in the form of a Canada-Saskatchewan Integrated Student Loan. The Student Financial Assistance Branch issues a loan certificate to the student. Upon completion of the student's period of study, the student may be eligible for a number of debt reduction benefits.

In 2007-08, there were over 12,400 applications approved and almost \$108 million in Canada-Saskatchewan Integrated Student Loans authorized. Of the authorized funding, \$65,072,007 was in federal loans and \$42,885,144 was in provincial loans.

Tables 4 and 5 provide a five year summary for full-time loans.

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*Table 2 below indicates the maximum loan assistance and benefits available for full-time study.*

<b>Table 2: Maximum Loan Assistance and Benefits Available to Students in 2007-08</b>			
<b>Student Group</b>	<b>Maximum Assistance Available</b>	<b>Maximum Grants &amp; Bursaries</b>	<b>Repayable*</b>
<b>Students <u>With</u> Dependents</b>	\$415 per week of study	\$205 per week of study	\$210 per week of study
<b>Students <u>Without</u> Dependents</b>	\$320 per week of study	\$110 per week of study	\$210 per week of study
<b>Medical Students <u>With</u> Dependents</b>	\$700 per week of study	\$205 per week of study	\$495 per week of study
<b>Medical Students <u>Without</u> Dependents</b>	\$575 per week of study	\$110 per week of study	\$465 per week of study
*For students who qualify for Debt Reduction Benefits			

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### **Interest-Free Status**

The federal and provincial governments pay the interest on student loans while the student is attending a designated educational institution full-time. The student is responsible for the interest on student loans from the first day of the first month after the student ceases full-time study.

The student is not responsible for interest that accrues on student loans between academic periods if the break is six months or less, and appropriate documentation is submitted. Students who are attending a designated educational institution as a full-time student, but who are not receiving financial assistance, may keep any federal and provincial student loans in interest-free status during their academic periods by submitting appropriate documentation.

### **Debt Reduction Benefits**

The purpose of debt reduction benefits is to help reduce the amount of loan the student will have to repay. The debt reduction benefits provided through the Student Aid Fund include the Saskatchewan Student Bursary and Canada and Saskatchewan Study Grants for Students with Dependents. The Canada Millennium Scholarship Foundation Bursary and Millennium Aboriginal Access Bursary are funded through the Canada Millennium Scholarship Foundation but administered through the Student Aid Fund. All debt reduction benefits are automatically applied against the student's loan following the study period.

All benefit amounts, with the exception of the Millennium Aboriginal Access Bursary, are applied first against the student's Saskatchewan loan debt and, in some cases where funds remain, then applied to the federal loan debt.

The Millennium Aboriginal Access Bursary amount is split between the Canada and Saskatchewan debt, with 60% applied to the Canada Student Loan and 40% applied to the Saskatchewan Student Loan.

In Saskatchewan, over \$31 million in debt reduction benefits were issued during this reporting period.

The *Saskatchewan Student Bursary* is available to all students with loan assistance exceeding \$210 per week of study for the first 170 weeks of post-secondary study. In 2007-08, there were 7,889 bursaries awarded totalling \$16,203,764. Refer to Table 6 for a five year summary.

The *Canada Millennium Scholarship Foundation Bursary* provides eligible individual students between \$2,000 and \$4,000 annually, with a lifetime maximum of \$22,500. The bursary is available to students in second and higher years of post-secondary studies, excluding graduate studies. In most cases, students will receive either the Saskatchewan Student Bursary or the Canada Millennium Scholarship Foundation Bursary. In 2007-08, there were 2,941 awards totalling \$9,340,500. Refer to Table 11 for a five year summary.

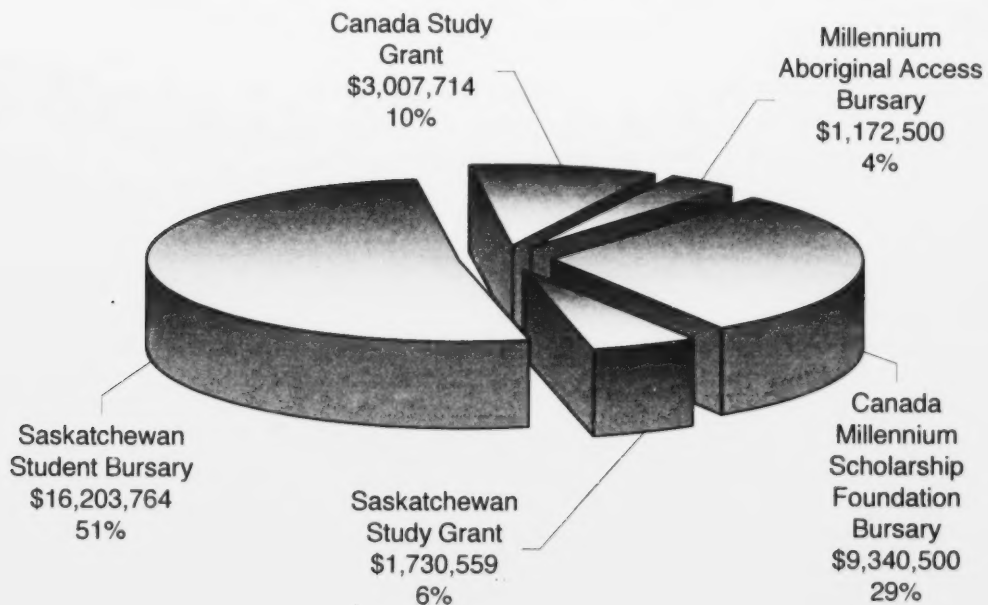
The *Millennium Aboriginal Access Bursary* provides \$3,500 annually and is intended to assist low-income Aboriginal students in their first year of a multiple-year program of post-secondary studies. The bursary has been extended to include Aboriginal students in their second year of post-secondary studies since 2006-07. In 2007-08, there were 335 awards totalling \$1,172,500 authorized. Refer to Table 12 for a five year summary.



The Canada and Saskatchewan Study Grants are available to students with dependent children, with loan assistance exceeding \$275 per week of study. In 2007-08, there were 2,479 Canada Study Grants for Students with Dependents awarded in the amount of \$3,007,714 and 1,397 Saskatchewan Study Grants for Students with Dependents awarded in the amount of \$1,730,559. Refer to Table 7 and Table 8 for a five year summary.

Remission was available to Special Incentive Students to reduce their debt for the first 60 weeks of study. It is available to students with loans up to and including the 2004-05 loan year. In 2007-08, there was one remission award in the amount of \$2,280. Refer to Table 9 for a five year summary.

**Graph 1: 2007-08 Debt Reduction Benefits Totalling \$31 Million  
(Proportion of Total Dollars Paid)**



## **Repayment of Student Loans**

Students with Canada-Saskatchewan Integrated Student Loans make payment arrangements with the National Student Loans Service Centre. Students with loans issued prior to August 2001 must make arrangements with lenders holding their loans to repay their Canada and Saskatchewan student loans.

Options are available to students who are unable to meet the repayment terms of their loan agreements. Repayment terms may be revised or interest and repayment relief may be provided through debt management tools.

### **Debt Management Tools**

Debt management tools assist borrowers with the repayment of their loans. When the borrower is unable to meet the repayment terms, there are a variety of debt management tools available. The debt management tools include Interest Relief, Extended Interest Relief, Debt Reduction in Repayment and the Permanent Disability Benefit.

*Interest Relief* provides repayment deferral for a maximum of 30 months to borrowers who are having difficulty making their payments due to low income. After exhausting 30 months of Interest Relief and lowering the payments by re-amortizing the loan over 15 years, the borrower may be eligible for *Extended Interest Relief* for up to an additional 24 months. In 2007-08, Interest Relief benefits totalling \$993,686 were provided to 3,459 borrowers. Refer to Table 13 for a five year summary.

*Debt Reduction in Repayment* is available to individuals who remain in financial difficulty after receiving Interest Relief and Extended Interest Relief. The Canada loan principal

may be reduced by up to \$26,000 over 3 years and the Saskatchewan loan principal may be reduced by up to \$3,000. In 2007-08, a total of \$43,478 was paid in reductions to Saskatchewan loan principal to 28 individuals. Refer to Table 14 for a five year summary.

*Permanent Disability Benefit* provides loan forgiveness for students who are experiencing exceptional financial hardship repaying their loan because of their disability. The disability may have occurred at any time (before, during or after studies) for students who have loans issued either after August 1, 2000 or before August 1, 1995. The disability must have occurred before the first day of the seventh month from the end of studies for students who received loans issued between August 1, 1995 and July 31, 2000. In 2007-08, 16 students received benefits totalling \$50,439. Refer to Table 15 for a five year summary.

### **Part-time Canada Student Loans**

The Canada Student Loans Program provides interest-bearing loans to part-time students who require assistance to pay for educational expenses such as tuition, books, instruments, transportation, childcare and miscellaneous expenses.

The Part-time Canada Student Loans Program allows students with disabilities to be eligible for assistance when taking between 20% and 39% of a full course load. Students must begin making their interest payments on the loan 30 days after receiving the funds. Payments on principal begin after the period of study.

The maximum amount of outstanding loan principal allowed is \$4,000. In 2007-08, 70 awards totalling \$142,170 in Part-time Canada Student Loans were authorized. Refer to Table 16 for a five year summary.



### **Canada/Saskatchewan Study Grants and Canada Access Grants**

There are four Canada/Saskatchewan Study Grants:

- Canada/Saskatchewan Study Grant for the Accommodation of Students with Permanent Disabilities;
- Canada/Saskatchewan Study Grant for High Need Part-time Students;
- Canada Study Grant for Part-time Students with Dependents; and
- Canada/Saskatchewan Study Grant for Females Pursuing Doctoral Studies.

There are two Canada Access Grants:

- Canada Access Grant for Students with Permanent Disabilities; and
- Canada Access Grant for Students from Low-Income Families.

In 2007-08, 362 Canada and/or Saskatchewan Study Grants were awarded in the amount of \$1,399,516 and 1,002 Canada Access Grants were awarded in the amount of \$2,070,237.

#### **Canada/Saskatchewan Study Grant for the Accommodation of Students with Permanent Disabilities**

This grant provides a maximum of \$10,000 per year (\$8,000 federal and \$2,000 provincial) to Saskatchewan students to cover exceptional education-related expenses directly related to the student's permanent disability. In 2007-08, 316 Canada/Saskatchewan Study Grants for the Accommodation of Students with Permanent Disabilities awards were issued in the amount of \$1,288,212. Refer to Table 17 for a five year trend.

#### **Canada Study Grant for Part-time Students with Dependents**

This grant is for students who are eligible for a Part-time Canada Student Loan and who have dependents. The grant provides a maximum of \$40 per week of study for students with one or two children or a maximum of \$60 per week of study for students with three or more children. In 2007-08 there were 2 grants in the amount of \$2,125 awarded to part-time students with dependents. Refer to Table 19 for a five year trend.

#### **Canada/Saskatchewan Study Grant for High Need Part-time Students**

This grant provides for direct educational costs up to a maximum of \$2,000 per year (\$1,200 federal and \$800 provincial) to high need students who are enrolled in part-time studies because they are unable to carry 60% of a full course load in certain situations. In 2007-08, 33 grants in the amount of \$54,491 were awarded to high need part-time students. Refer to Table 20 for a five year trend.

#### **Canada/Saskatchewan Study Grant for Females Pursuing Doctoral Studies**

The Canada/Saskatchewan Study Grant for Females Pursuing Doctoral Studies provides a maximum of \$5,000 per year (\$3,000 federal and \$2,000 provincial) to female doctoral students studying full-time in non-traditional fields of study. In 2007-08, 11 awards were issued in the amount of \$54,688. Refer to Table 21 for a five year trend.

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### Canada Access Grant for Students with Permanent Disabilities

The Canada Access Grant for Students with Permanent Disabilities provides up to \$2,000 per loan year to full-time or part-time students with permanent disabilities who have demonstrated financial need. Students will be automatically considered for this grant when applying for student loan assistance. In 2007-08 there were 608 awards issued in the amount of \$1,177,104. Refer to Table 22 for a five year trend.

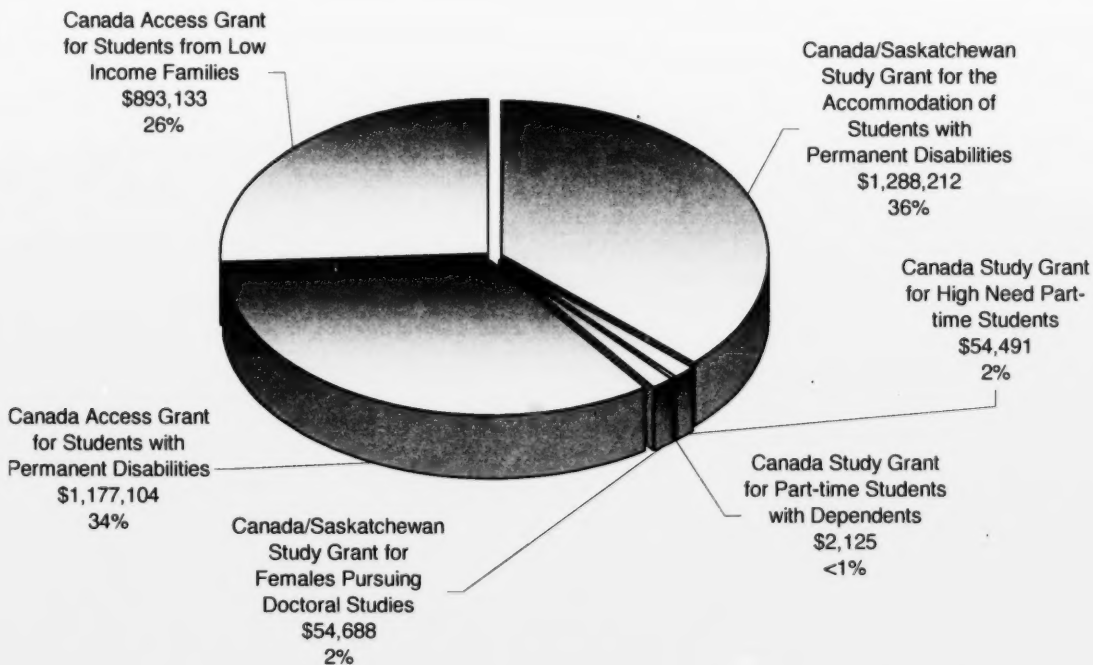
### Canada Access Grant for Students from Low-Income Families

The Canada Access Grant for Students from Low-Income Families provides grants for 50% of the student's tuition up to \$3,000 to full-time students who are enrolled for the first time in a program of studies of at least two years and are pursuing post-secondary education within four years of leaving secondary school or a basic education program or completing General Educational Development (GED). In 2007-08, 394 awards were issued in the amount of \$893,133 for Students from Low-Income Families. Refer to Table 23 for a five year trend.

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**Graph 2: 2007-08 Canada/Saskatchewan Study Grants and Canada Access Grants  
Totalling \$3.5 Million  
(Proportion of Total Dollars Paid)**

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## Other Awards Issued or Administered through the Student Aid Fund

Table 3: Awards in 2007-08		
Awards	Description	Recipients
<b>Centennial Merit Scholarship</b>	<p>This scholarship targets top students from Saskatchewan high schools and enhances the ability of institutions to attract and retain high-calibre students. The funding is paid to institutions responsible for its administration. Advanced Education, Employment and Labour provided an additional \$500,000 funding for the Centennial Merit Scholarship Program in 2007-08, increasing program funding to \$2,000,000.</p> <p>Distribution of Funding is as follows: \$540,000 for the University of Regina, \$860,000 for the University of Saskatchewan, \$396,000 for Saskatchewan Institute of Applied Science &amp; Technology (SIAT), \$153,350 for Regional Colleges, \$18,625 for Apprenticeships and \$25,000 for Saskatchewan Indian Institute of Technologies (SIIT).</p>	Determined by the institutions.
<b>Queen Elizabeth II Scholarship in Parliamentary Studies*</b>	This scholarship in the amount of \$20,000 is awarded annually for graduate or post-graduate study of Saskatchewan politics and government at either of Saskatchewan's universities. The scholarship is intended to encourage advanced study and research in Saskatchewan government and politics and thereby strengthen parliamentary institutions in the province.	0
<b>Queen Elizabeth II Centennial Aboriginal Scholarship</b>	This scholarship in the amount of \$20,000 is awarded annually to First Nations/Métis students graduating from the First Nations University of Canada (FNUC) who are pursuing graduate studies in any field at any accredited university in Saskatchewan. The intent of the award is to focus on the accomplishments of graduates of the First Nations University of Canada and encourage further scholarship programs associated with FNUC.	1
<b>D.R. Simmons Memorial Scholarships*</b>	There are two scholarships of \$500 available annually to graduating Grade 12 Saskatchewan students of First Nations or Métis ancestry who are continuing studies at the post-secondary level.	0
<b>James Dickson Scholarship*</b>	This \$500 scholarship is available annually to a graduating Grade 12 Saskatchewan student of black ancestry. If no award is made during one year, two awards may be made during the following year.	0
<b>Doreen Kronick Matching Scholarship*</b>	This \$500 scholarship is available in Canada each year to recognize the scholastic achievement of a full or part-time graduate student studying in an area that will enable the student to help individuals with learning disabilities. The Ministry will award an additional \$500 if the recipient is a Saskatchewan resident attending a Saskatchewan university.	0
<b>Federal French Awards</b>	There are a number of federal bursaries and fellowships awarded annually to provide Anglophone post-secondary students with an opportunity for immersion in a French milieu and to encourage Francophones to pursue their post-secondary studies in French in disciplines that are not offered within the province. These awards are funded through the federal department of Canadian Heritage and administered by the French Education Branch of Saskatchewan Education. Cheques and tax receipts are issued through the Saskatchewan Student Aid Fund.	309

\*No qualified students applied for this scholarship.

# Statistical Summary of Saskatchewan Student Financial Assistance Program Activity

In general, the uptake of student financial assistance is declining. Declining enrollment at post-secondary institutions, savings for education and loan products available from private lenders are factors in this trend. All provinces, with the exception of Ontario, are experiencing similar situations. The Student Financial Assistance Branch continues to monitor these uptake rates.

## Full-time Loans

Table 4 Canada Student Loans		
<i>Fiscal Year</i>	<i>Number of Awards</i>	<i>Amount Authorized*</i>
2007-2008	12,426	\$65,072,007
2006-2007	13,785	\$71,552,809
2005-2006	15,059	\$79,525,365
2004-2005	16,150	\$71,322,970
2003-2004	16,474	\$71,861,183

\*Authorized Loans are approved for courses starting within the fiscal year indicated, whether or not the monies were paid out in that fiscal year.

Table 5 Saskatchewan Student Loans		
<i>Fiscal Year</i>	<i>Number of Awards</i>	<i>Amount Authorized*</i>
2007-2008	12,458	\$42,885,144
2006-2007	13,828	\$47,846,739
2005-2006	15,086	\$54,576,377
2004-2005	16,151	\$60,011,226
2003-2004	16,449	\$59,731,633

\*Authorized Loans are approved for courses starting within the fiscal year indicated, whether or not the monies were paid out in that fiscal year.

## Debt Reduction Benefits

Table 6 Saskatchewan Student Bursary		
<i>Fiscal Year</i>	<i>Number of Awards</i>	<i>Amount Paid</i>
2007-2008	7,889	\$16,203,764
2006-2007	9,238	\$19,973,070
2005-2006	10,352	\$16,215,122
2004-2005	8,710	\$14,417,176
2003-2004	9,575	\$14,100,176

Table 7 Canada Study Grants for Students with Dependents		
<i>Fiscal Year</i>	<i>Number of Awards</i>	<i>Amount Paid</i>
2007-2008	2,479	\$3,007,714
2006-2007	2,911	\$3,522,731
2005-2006	3,470	\$4,103,154
2004-2005	3,064	\$3,912,611
2003-2004	3,446	\$4,018,728

Table 8 Saskatchewan Study Grants for Students with Dependents		
<i>Fiscal Year</i>	<i>Number of Awards</i>	<i>Amount Paid</i>
2007-2008	1,397	\$1,730,559
2006-2007	1,695	\$2,197,716
2005-2006	2,621	\$4,808,586
2004-2005	1,919	\$3,815,874
2003-2004	2,165	\$3,815,698

## Debt Reduction Benefits continued

Table 9 Remission Approvals on Saskatchewan Student Loans		
<i>Fiscal Year</i>	<i>Number of Awards</i>	<i>Amount Approved</i>
2007-2008	1	\$2,280
2006-2007	33	\$46,470
2005-2006	1,213	\$1,963,136
2004-2005	70	\$157,440
2003-2004*	1,191	\$2,784,345

\*The benefit is applied first against the Saskatchewan loan debt, and in cases where funds remain, is applied to the Canada loan debt.

\*\*This program was phased out in the 2004-05 loan year.

Table 10 Loan Forgiveness Approvals on Saskatchewan Student Loans*		
<i>Fiscal Year</i>	<i>Number of Awards</i>	<i>Amount Approved</i>
2007-2008	0	\$0
2006-2007	0	\$0
2005-2006	0	\$0
2004-2005	4	\$4,871
2003-2004	25	\$102,244

\*This program no longer exists and was replaced with Saskatchewan Student Bursary

Table 11 Canada Millennium Scholarship Foundation Bursary*		
<i>Fiscal Year</i>	<i>Number of Awards</i>	<i>Amount Paid</i>
2007-2008	2,941	\$9,340,500
2006-2007	2,939	\$9,338,500
2005-2006	2,846	\$9,322,218
2004-2005	3,333	\$9,303,500
2003-2004	2,998	\$9,298,500

Table 12 Millennium Aboriginal Access Bursary*		
<i>Fiscal Year</i>	<i>Number of Awards</i>	<i>Total Amount Awarded</i>
2007-2008	335	\$1,172,500
2006-2007	562	\$1,123,694
2005-2006	392	\$778,558

\*Millennium bursaries were funded by the Canada Millennium Scholarship Foundation. In 2007-08, the Millennium Aboriginal Access Bursary was increased from \$2,000 to \$3,500.

## Debt Management Tools

Table 13 Interest Relief		
<i>Fiscal Year</i>	<i>Number of Awards</i>	<i>Total Amount Awarded</i>
2007-2008	3,459	\$993,686
2006-2007	3,661	\$992,484
2005-2006	4,107	\$783,197
2004-2005	4,149	\$661,539
2003-2004	4,975	\$685,399

Table 14 Debt Reduction in Repayment		
<i>Fiscal Year</i>	<i>Number of Awards</i>	<i>Total Amount Awarded</i>
2007-2008	28	\$43,478
2006-2007	21	\$42,078
2005-2006	35	\$80,391
2004-2005	23	\$55,150
2003-2004	9	\$25,404

Table 15 Permanent Disability Benefit		
<i>Fiscal Year</i>	<i>Number of Awards</i>	<i>Total Amount Awarded</i>
2007-2008	16	\$50,439
2006-2007	10	\$56,739
2005-2006	10	\$34,968
2004-2005	16	\$47,487
2003-2004	26	\$146,302



## Part-time Loans

Table 16 Part-time Canada Student Loans Program		
<i>Fiscal Year</i>	<i>Number of Awards</i>	<i>Amount Authorized</i>
2007-2008	70	\$142,170
2006-2007	92	\$204,790
2005-2006	91	\$193,832
2004-2005	172	\$369,165
2003-2004	169	\$265,285

Table 19 Canada Study Grant for Part-time Students with Dependents		
<i>Fiscal Year</i>	<i>Number of Awards</i>	<i>Amount Paid</i>
2007-2008	2	\$2,125
2006-2007	3	\$3,228
2005-2006	0	\$0
2004-2005	10	\$14,624
2003-2004	13	\$19,476

## Canada/Saskatchewan Study Grants

Table 17 Canada/Saskatchewan Study Grant for the Accommodation of Students with Permanent Disabilities		
<i>Fiscal Year</i>	<i>Number of Awards</i>	<i>Amount Paid</i>
2007-2008	316	\$1,288,212
2006-2007	330	\$1,263,401
2005-2006	337	\$1,149,044
2004-2005	326	\$1,366,827
2003-2004	232	\$1,019,956

Table 20 Canada/Saskatchewan Study Grant for High Need Part-time Students		
<i>Fiscal Year</i>	<i>Number of Awards</i>	<i>Amount Paid</i>
2007-2008	33	\$54,491
2006-2007	47	\$76,519
2005-2006	56	\$88,566
2004-2005	114	\$193,381
2003-2004	119	\$208,215

Table 18 Canada Study Grant for High Need Students with Permanent Disabilities*		
<i>Fiscal Year</i>	<i>Number of Awards</i>	<i>Amount Paid</i>
2007-2008	0	\$0
2006-2007	0	\$0
2005-2006	27	\$21,339
2004-2005	244	\$380,368
2003-2004	154	\$249,449
*The Canada Study Grant program for High Need Students with Permanent Disabilities was introduced in 2002-03 and replaced in 2005-06 with the Canada Access Grant for Students with Permanent Disabilities.		

Table 21 Canada/Saskatchewan Study Grant for Females Pursuing Doctoral Studies		
<i>Fiscal Year</i>	<i>Number of Awards</i>	<i>Amount Paid</i>
2007-2008	11	\$54,688
2006-2007	7	\$28,040
2005-2006	7	\$31,245
2004-2005	8	\$32,895
2003-2004	6	\$32,846

## Canada Access Grants

Table 22 Canada Access Grant for Students with Permanent Disabilities		
<i>Fiscal Year</i>	<i>Number of Awards</i>	<i>Amount Paid</i>
2007-2008	608	\$1,177,104
2006-2007	591	\$1,200,618
2005-2006*	506	\$990,598
*The Canada Access Grant for Students with Permanent Disabilities was introduced for the 2005-06 loan year and has replaced the Canada Study Grant for High Need Students with Permanent Disabilities.		

Table 23 Canada Access Grant for Students from Low-Income Families		
<i>Fiscal Year</i>	<i>Number of Awards</i>	<i>Amount Paid</i>
2007-2008	394	\$893,133
2006-2007	469	\$991,085
2005-2006*	530	\$1,160,855
*The Canada Access Grant for Students from Low-Income Families was introduced in the 2005-06 loan year.		

## Other Awards Issued or Administered through the Student Aid Fund

Table 24 Other Awards			
<b>Award</b>	<b>Fiscal Year</b>	<b>Number of Awards</b>	<b>Amount Paid</b>
<b>Centennial Merit Scholarship</b>	2007-2008	Determined by institution	\$1,992,975
	2006-2007		\$1,648,718
	2005-2006		\$835,500
	2004-2005		\$503,000
	2003-2004		\$499,500
<b>Federal French Language Awards</b>	2007-2008	309	\$297,950
	2006-2007	319	\$287,100
	2005-2006	355	\$301,550
	2004-2005	329	\$293,350
	2003-2004	276	\$198,550
<b>Queen Elizabeth II Scholarship in Parliamentary Studies</b>	2007-2008	0	\$0
	2006-2007	0	\$0
	2005-2006	2	\$20,000
	2004-2005	1	\$10,000
	2003-2004	1	\$10,000
<b>Queen Elizabeth II Centennial Aboriginal Scholarship</b>	2007-2008	1	\$20,000
	2006-2007	2	\$20,000

## Loan Receivables and Repayments

<b>Table 25</b> <b>Total Amount of Saskatchewan Student Aid</b> <b>Fund Loans Receivable</b> <b>As at March 31, of Each Fiscal Year*</b>	
<b><i>Fiscal Year</i></b>	<b><i>Amount</i></b>
2007-2008	\$84,882,589
2006-2007	\$85,695,329
2005-2006	\$81,075,959
2004-2005	\$72,677,333
2003-2004	\$56,445,339

<b>Table 26</b> <b>Saskatchewan Student Loan Repayments</b> <b>Received by the Saskatchewan</b> <b>Student Aid Fund*</b>	
<b><i>Fiscal Year</i></b>	<b><i>Amount Paid</i></b>
2007-2008	\$19,940,092
2006-2007	\$14,411,772
2005-2006	\$11,034,405
2004-2005	\$7,299,464
2003-2004	\$4,623,077

- \* Saskatchewan Student Loans for courses starting August 1, 1996 to July 31, 2001 were financed by and are repaid to Royal Bank under the Saskatchewan Risk Sharing Student Loans Agreement. Effective August 1, 2001, the province became the direct lender of Saskatchewan Student Loans.



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## Management's Responsibility for Financial Statements

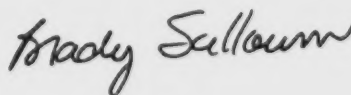
The accompanying financial statements are the responsibility of the management of the Student Financial Assistance Branch, Ministry of Advanced Education, Employment and Labour. They have been prepared in accordance with Canadian generally accepted accounting principles, using management's best estimates and judgements where applicable.

Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements, and other financial information contained in this report. Management is also responsible for maintaining a system of internal controls, policies and procedures designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.

The Trustees of the Student Aid Fund are responsible for ensuring that management fulfills its responsibilities for financial reporting, internal control and administering the fund in accordance with *The Student Assistance and Student Aid Fund Act, 1985* and related *Regulations*. The Trustees meet periodically with management to satisfy themselves that management's responsibilities are properly discharged and to review the financial statements.

The Provincial Auditor of Saskatchewan has audited the financial statements of the Student Aid Fund in accordance with Canadian generally accepted auditing standards and his report follows.

Regina, Saskatchewan  
May 23, 2008



Brady Salloum  
Executive Director  
Student Financial Assistance Branch  
Saskatchewan Advanced Education,  
Employment and Labour



SASKATCHEWAN

## Provincial Auditor Saskatchewan

1500 Chateau Tower  
1920 Broad Street  
Regina, Saskatchewan  
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### AUDITOR'S REPORT

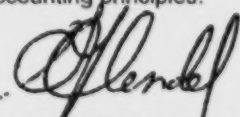
To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Saskatchewan Student Aid Fund as at March 31, 2008 and the statements of revenue, expense and net financial assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan  
May 23, 2008

  
Fred Wendel, CMA, CA  
Provincial Auditor

**Saskatchewan Student Aid Fund  
Statement of Financial Position  
As at March 31**

	<u>2008</u>	<u>2007</u>
	(thousands of dollars)	
<b>Financial Assets</b>		
<b>Financial Assets:</b>		
Due from General Revenue Fund (Note 7)	\$ 40,736	\$ 36,852
Accrued Interest	204	232
Other Receivables	2,020	1,049
Student Loans Receivable (Note 4)	84,883	85,695
	<u>          </u>	<u>          </u>
<b>Total Financial Assets</b>	<u>\$ 127,843</u>	<u>\$ 123,828</u>
 <b>Liabilities and Net Financial Assets</b>		
<b>Liabilities:</b>		
General Revenue Fund Loan (Note 8)	\$ 101,624	\$ 104,321
General Revenue Fund Interest Payable	911	963
Due to Royal Bank of Canada (Note 5)	1,671	2,289
Bursaries and Study Grants Payable (Note 6)	11	13
Deferred Revenue - Federal Canada Study Grant	1,091	1,050
Other Accounts Payable	457	606
	<u>          </u>	<u>          </u>
<b>Total Liabilities</b>	<u>\$ 105,765</u>	<u>\$ 109,242</u>
<b>Net Financial Assets (Statement 2)</b>	<u>22,078</u>	<u>14,586</u>

(See accompanying notes to financial statements)

## Statement 2

**Saskatchewan Student Aid Fund**  
**Statement of Revenue, Expense and Net Financial Assets**  
**For the Year Ended March 31**

	<u>Budget</u>	<u>Actual 2008</u>	<u>Actual 2007</u>
	(Note 12)	(thousands of dollars)	
<b>Revenue:</b>			
Appropriation from the General Revenue Fund	\$ 24,949	\$ 24,949	\$ 31,526
Grant - Federal Canada Study	5,520	3,965	4,497
Interest Revenue from General Revenue Fund	750	1,172	1,089
Interest on Student Loans	5,100	5,596	5,171
Loan Discount Amortization	2,364	2,087	2,418
Recovery of Bad Debt	200	272	252
Other Income	300	351	340
	<u>39,183</u>	<u>38,392</u>	<u>45,293</u>
<b>Expense:</b>			
Saskatchewan Student Bursaries	22,270	14,828	16,749
Saskatchewan Study Grants	2,520	1,466	1,889
Federal Canada Study Grants - Students with Dependents	3,920	2,682	3,203
Federal Canada Study Grants - Other	1,600	1,283	1,294
Provincial Canada Study Grants - Other	150	117	77
Special Incentive Loan Remissions	-	2	(154)
Risk Premium	-	(19)	(3)
Loan Guarantee	-	(22)	14
Debt Reduction in Repayment	84	12	189
Permanent Disability/Death Benefit	305	(23)	(929)
Interest Relief Grants	898	291	1,739
Class A Interest - Royal Bank Loans	-	(16)	280
Bad Debt Expense	3,275	1,173	3,617
Interest Grants to Students	2,600	1,698	1,493
Interest on General Revenue Fund Loan	4,400	3,940	4,057
Collection Costs	190	191	147
Service Provider Costs	1,150	986	1,036
Bursaries and Scholarships	2,311	2,311	1,953
	<u>45,673</u>	<u>30,900</u>	<u>36,651</u>
(Decrease) Increase in Net Financial Assets for the Year	\$ (6,490)	\$ 7,492	\$ 8,642
Net Financial Assets, Beginning of Year	14,586	14,586	5,944
Net Financial Assets, End of Year - to Statement 1	<u>\$ 8,096</u>	<u>\$ 22,078</u>	<u>\$ 14,586</u>

(See accompanying notes to financial statements)

**Saskatchewan Student Aid Fund  
Statement of Cash Flows  
For the Year Ended March 31**

	<u>2008</u>	<u>2007</u>
	(thousands of dollars)	
<b>Cash Receipts from (used in) Operating Activities</b>		
Receipts from General Revenue Fund	\$ 24,949	\$ 31,526
Receipts from Federal Government	13,623	13,445
Receipts from Student Loan Repayments Including Interest	18,991	14,849
Receipts of Bank Interest	1,243	1,092
Payment of Student Loan Disbursements	(42,593)	(47,809)
Payments to Royal Bank	(477)	(695)
Payments for Scholarships, Grants and Other Student Support	(3,760)	(3,262)
Payments of Interest on General Revenue Fund Loan	(3,991)	(3,958)
Payments of Service Provider Fees and Collection Costs	(1,404)	(1,090)
<b>TOTAL OPERATING</b>	<u>6,581</u>	<u>4,098</u>
<b>Cash Receipts from (used in) Financing Activities</b>		
Receipts from General Revenue Fund Loan	44,000	51,000
General Revenue Fund Loan Repayments	(46,697)	(50,100)
<b>TOTAL FINANCING</b>	<u>(2,697)</u>	<u>900</u>
Net Increase in Due from General Revenue Fund	3,884	4,998
Due from General Revenue Fund, Beginning of Year	36,852	31,854
Due from General Revenue Fund, End of Year	<u>\$ 40,736</u>	<u>\$ 36,852</u>

(See accompanying notes to financial statements)

# Saskatchewan Student Aid Fund Notes To The Financial Statements

## March 31, 2008

### 1. Authority

The Saskatchewan Student Aid Fund (the Fund) operates under the authority of *The Student Assistance and Student Aid Fund Act, 1985*. The primary purpose of the Fund is to support the Saskatchewan Student Loan Program. The Trustees of the Student Aid Fund administer the Fund.

### 2. Description of the Program

Under the terms of the Saskatchewan Student Loan Program, student loans are provided to qualifying individuals based on a determination of need. Loans are interest-free while the student is in full time studies and for a maximum of six months between periods of study. They become repayable on the first day of the seventh month following discontinuance of studies or graduation, however, interest begins to accrue on the first day of the first month following discontinuance of studies or graduation.

There are four debt reduction benefits offered through the Fund. Program benefits are tied to loan years, which commence August 1 and end July 31 of each year.

- The Saskatchewan Student Bursary provides a maximum of \$110 per week to all students with a need in excess of \$210 per week in the borrower's first 170 weeks of post-secondary study ever taken.
- The Canada and Saskatchewan Study Grants provide a maximum of \$95 per week to students with dependents.
- Debt Reduction in Repayment provides a one-time reduction of student loan payable to a maximum of \$3,000 for borrowers who have been granted the maximum allowable interest relief benefits

available and who have been out of school for 60 months but continue to experience financial hardship.

- A provision for borrowers with Permanent Disabilities provides loan forgiveness to borrowers who suffer from a permanent disability that impairs the borrower's ability to repay their loan.

In addition to debt reduction benefits, the Fund provides further debt management assistance to students through the Interest Relief and Extended Interest Relief programs. These programs provide repayment deferral to eligible students for a maximum of 54 months.

In May 1999, the Province of Saskatchewan signed a ten year agreement with the Canada Millennium Scholarship Foundation. For the 2007/08 loan year, this agreement will provide \$9,340 thousand in millennium bursaries to 2,941 Saskatchewan post-secondary students. Millennium bursaries are applied against student loan balances.

Prior to August 1, 1996, the Province provided funding for student loans, and all loan administration was undertaken by staff of the Ministry of Advanced Education, Employment and Labour (Ministry). During the period August 1, 1996 to July 31, 2001, the Royal Bank was the financier of student loans and assumed responsibility for the disbursement, management and collection of student loans. Loans held by Royal Bank are eligible for all of the debt reduction and debt management benefits of the Saskatchewan Student Loan Program.

The Fund pays to Royal Bank costs associated with maintaining lender financed loans in interest-free status while students are in school, interest relief benefits granted to borrowers experiencing financial hardship in

the repayment of their loans, and a 5% risk premium upon consolidation of individual student loans.

On June 19th, 2001, the Province entered into an agreement with the Government of Canada to integrate the delivery and administration of Canada and Saskatchewan student loans. The Canada-Saskatchewan Integration Agreement for the Harmonization and Administration of Federal and Provincial Student Loans Programs became effective August 1, 2001. In conjunction with the agreement, the Ministry provides loan authorization for both Saskatchewan and Canada student loans, and the Province is re-established as the financier of Saskatchewan student loans. On behalf of the Ministry and the Government of Canada, two external agencies (service providers) manage the disbursement, administration and repayment of integrated student loans. On behalf of the Province, the Government of Canada is responsible for the collection of bankrupt and defaulted loans. Student benefits as described above are applicable to Canada/Saskatchewan integrated loans.

### **3. Significant Accounting Policies**

The financial statements are prepared in accordance with generally accepted accounting principles as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The following accounting policies are considered significant.

#### **a) Accrual Basis**

The financial statements are prepared on the accrual basis of accounting.

#### **b) Revenues**

The Appropriation from the General

Revenue Fund is recorded when receivable.

Federal Canada Study Grants are recorded in the year in which the related Federal Canada Study Grants - Students with Dependents and Federal Canada Study Grants - Other are recognized.

Interest on Student Loans and Interest Revenue from the General Revenue Fund are recorded when receivable.

Recovery of Bad Debt is recorded when received.

#### **c) Expenses**

Saskatchewan Student Bursaries, Saskatchewan Study Grants and Federal Canada Study Grants - Students with Dependents are recorded as they are earned by students over their period of study. Debt Reduction in Repayment, Permanent Disability/Death Benefit, Interest Relief Grants, Risk Premium, Loan Guarantee, Class A Interest - Royal Bank Loans and Bad Debt Expense are recorded based on estimates of expected utilization.

Interest Grants to Students reflect the cost of holding student loans in interest-free status during periods of study. The cost is recorded at the time of loan disbursement and amortized to revenue over the estimated interest-free term (Loan Discount Amortization).

Interest on General Revenue Fund Loan, Collection Costs and Service Provider Costs are recorded in the period that the expense was incurred.

Federal and Provincial Study Grants - Other and Bursaries and Scholarships are expensed when approved.



d) Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates. Measurement uncertainty impacts Student Loans Receivable (Note 4) and Due to Royal Bank of Canada (Note 5).

e) Student Loans Receivable

Student loans are carried at the amount advanced plus accrued interest. Simple interest is charged on loans following the interest-free in school period. Payments on loans are first applied to interest, then to outstanding principal.

For loans held by the Fund, allowances are deducted from loans receivable for the following:

- i) estimated uncollectible loans due to default on repayment, based on past collection experience;
- ii) the cost of holding student loans in interest-free status; and
- iii) estimated debt reduction and debt management benefits.

**4. Student Loans Receivable**

	2008 (thousands of dollars)	2007 (thousands of dollars)
Loans outstanding beginning of year	\$137,115	\$133,824
Add: New loans during the year	42,586	47,774
Royal Bank buybacks	6	39
Interest earned on student loans	6,476	5,864
Deduct: Loan repayments net of payments on written off accounts	(19,671)	(14,160)
Amounts authorized to reduce loans	(31,037)	(35,548)
Loans written off	(59)	(678)
Gross Student Loans Receivable, end of year*	\$135,416	\$137,115
Deduct: Allowance for Interest Relief	(3,617)	(4,109)
Allowance for Debt Reduction in Repayment	(363)	(351)
Allowance for Permanent Disability/Death Benefit	(1,967)	(2,024)
Interest Grants to Students	(2,705)	(3,094)
Canada Study Grants Payable	(1,669)	(1,994)
Saskatchewan Study Grants Payable	(677)	(940)
Student Bursaries Payable	(10,171)	(11,543)
Allowance for Uncollectible Loans	(29,364)	(27,365)
Student Loans Receivable, end of year	\$84,883	\$85,695

\*Includes Consolidated Loans (loans in repayment) of \$66,518 thousand (2007 - \$65,508 thousand)



Student Loans Receivable consist of amounts owing by borrowers for loans granted prior to the Canada-Saskatchewan Integration Agreement (2008 - \$1,724 thousand; 2007 - \$2,026 thousand), and subsequent to the integration agreement (2008 - \$133,686 thousand; 2007 - \$135,087 thousand), offset by debt reduction benefits payable, debt management benefits payable and the allowance for uncollectible loans.

Included in amounts authorized to reduce loans are Saskatchewan Student Bursaries and Saskatchewan Study Grants. These have been reduced by \$6,762 thousand (2007 - \$6,745 thousand), which is a portion of the \$9,340 thousand received from the Canada Millennium Scholarship Foundation.

#### **Variability in Student Loans Receivable**

Estimation is a factor in the following offsets to Gross Student Loans Receivable:

##### Allowance For Interest Relief

The allowance is an estimate of future costs based on projected prime rates of interest, projected months of interest relief utilization and actuarial estimates for program take-up.

##### Allowance for Debt Reduction in Repayment

The allowance is an estimate of future costs based on actuarial estimates.

These allowances could reasonably be expected to fluctuate in the next twelve months as follows:

##### Allowance for Permanent Disability/Death Benefit

The allowance is an estimate of future costs based on actuarial estimates. For 2008, the actuarial provisioning rate for benefits to the point of loan consolidation was extrapolated to recognize benefits now granted after loan consolidation.

##### Interest Grants to Students

The benefit was calculated assuming that students remain in school for an average of three years, and applying the Fund's borrowing rate.

##### Allowance for Uncollectible Accounts

The Fund is exposed to losses in the event that borrowers default on repayment of their student loans. The Fund's maximum risk is represented by Gross Student Loans receivable.

Management estimates are used to determine the dollar value of loans expected to be uncollectible for 2008. For 2008 the estimate is 18% (2007 - 19%) of net loan disbursements plus 60% (2007 - 60%) of interest recorded on impaired loans.

Interest income continues to be earned on all loans to point of write-off. The recorded Allowance for Uncollectible Loans includes provision for interest income earned on impaired loans.

	2008		2007
	Actual	Range of Accruals (thousands of dollars)	Actual
Allowance for Interest Relief	\$3,617	\$1,595 - \$5,623	\$4,109
Debt Reduction in Repayment	363	285 - 440	351
Permanent Disability/Death	1,967	1,507 - 2,427	2,024
Interest Grants to Students	2,705	n/a	3,094
Allowance for Uncollectible Loans	29,364	27,468 - 31,260	27,365

## Loan Interest Rates

Loans in repayment are subject to interest rate risk related to repayment terms. The current portfolio of loans in repayment have effective interest rates of 5.00% to 12.00% (2007 - 5.00% to 12.00%). The Minister charges interest rates pursuant to The Student Assistance and Student Aid Fund Regulations, 2001 and The Saskatchewan Student Direct Loans Regulations.

For the majority of loans held by the Fund, interest rates are set at the option of the student either at prime plus 2.5% (floating rate) or prime plus 5.0% (fixed rate) at the time of loan consolidation.

Interest rates for consolidated loans are as follows:

Interest Rate	2008	2007
	(thousands of dollars)	
	Total Balance	Total Balance
Less than 8.0%	\$65,998	\$433
8.0% - 8.9%	221	64,428
9.0% - 9.9%	263	569
10.0% - 10.9%	25	32
11.0% or greater	11	46
Loans Consolidated	<u>\$66,518</u>	<u>\$65,508</u>

### 5. Due to Royal Bank of Canada

The Fund estimates amounts due to Royal Bank. Estimation is a factor in the following:

Class A Interest is estimated based on the current loan receivable balance of students in school, the projected time that students will remain in school, and the projected market rate of interest.

The fair value and repayment period of loans receivable have not been disclosed because it is not practicable to determine the loan repayments with sufficient reliability. There are a number of factors needed to estimate the timing and the amount of loan repayments. These factors include the Fund's historical experience, applications for interest relief, debt reduction, economic conditions, and the necessity to rely on the actions of a large number of individuals.

Interest Relief is estimated based on projected prime rates of interest, projected months of interest relief utilization and actuarial estimates for program take-up.

Permanent Disability and Debt Reduction in Repayment are estimated by applying actuarial estimates to outstanding loan balances held by Royal Bank.

Variability in estimates for Risk Premium and Loan Guarantee are not material to these statements.

These estimates could reasonably be expected to fluctuate within the next twelve months as follows:

	2008		2007
	Actual	Range of Accruals (thousands of dollars)	Actual
Class A Interest	\$ 311	\$ 286 to \$ 335	\$ 546
Interest Relief	929	360 to 1,499	1,142
Permanent Disability	168	140 to 202	232
Debt Reduction in Repayment	199	125 to 274	242
Other Payables	64	n/a	127
Due to Royal Bank of Canada	<u>\$ 1,671</u>		<u>\$ 2,289</u>

#### 6. Bursaries and Study Grants Payable

Bursaries and Study Grants Payable represents benefits earned by students which could not be applied against Saskatchewan Student Loan balances.

#### 7. Due from General Revenue Fund

The Fund's bank accounts are included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

The Fund's earned interest is calculated and paid quarterly by the General Revenue Fund to the Fund using the General Revenue Fund's thirty day borrowing rate and the Fund's average daily bank account balances.

Included in this amount is \$24 thousand of restricted funds used for scholarships.

#### 8. General Revenue Fund Loan

Effective August 1, 2001, the Province assumed responsibility for the financing of student loans. A loan from the General Revenue Fund is provided to the Student Aid Fund to support this role.

The interest rate charged on the General Revenue Fund Loan is at the Province's eight year cost of borrowing. The Province's average eight year cost of borrowing rate for 2008 was 4.61% (2007 - 4.52%). Under the terms of the loan agreement, the Student Aid Fund makes quarterly loan payments to the General Revenue Fund. The dollar amount of the required loan payment is calculated as the sum of debt reduction benefits applied against student loans, the principal portion of student payments received by the Saskatchewan Student Aid Fund and accounts written off.

## **9. Fair Values**

Due from the General Revenue Fund, Accrued Interest, Other Receivables, Other Accounts Payable, General Revenue Fund Interest Payable and Deferred Revenue are all short-term in nature and as such their fair value approximates carrying value.

The Student Loans Receivable, General Revenue Fund Loan, Due to Royal Bank of Canada, and Bursaries and Study Grants Payable are long-term in nature and there is no market for selling or settling these assets or liabilities. Therefore, the determination of fair value of these assets and liabilities is not practicable.

## **10. Related Party Transactions**

In accordance with established government practice, all administrative and occupancy costs are paid by the Ministry of Advanced Education, Employment and Labour. Accordingly, no provision for these costs is reflected in these financial statements. Costs paid to other government agencies for loan collection services are paid by the Fund. Other related party transactions are disclosed separately in these financial statements.

## **11. Millennium Trust**

On May 7, 1999 the Province and the Canada Millennium Scholarship Foundation entered into a ten-year agreement for the administration of General Awards provided to students by the Canada Millennium Scholarship Foundation. Under the agreement, the Province is to receive "in trust monies" to be paid to qualifying students and is responsible to ensure that the funds are properly disbursed.

Millennium funds are allocated to each Province based on the Province's share of the population of Canada. For the 2007-08 loan year, Saskatchewan's allocation of Canada Millennium Scholarship General Awards was \$9,297 thousand.

At March 31, 2008 net assets held on behalf of the Canada Millennium Scholarship foundation by the Student Aid Fund were \$1 thousand.

## **12. Budget**

The operating budget was approved by The Trustees of the Student Aid Fund on April 11, 2007.

Copies of this report are available by contacting:  
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Saskatchewan Advanced Education, Employment and Labour  
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